

Message Text

CONFIDENTIAL

PAGE 01 NASSAU 00811 01 OF 02 182208Z

67

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 181911Z MAY 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8194

C O N F I D E N T I A L SECTION 1 OF 2 NASSAU 0811

E.O. 11652: GDS

TAGS: MARR, BF, US

SUBJ: LUNCHEON DISCUSSION WITH RODNEY BAIN, SECRETARY TO THE
CABINET: THE NEXT CHAPTER IN THE FACILITIES SAGA

REF: (A) NASSAU 0434, (B) NASSAU 0789

1. I NOTED THAT BAIN WAS PLANNING ANOTHER TRIP TO LONDON AND ASKED WHETHER HE WOULD HAVE TIME TO DEAL FURTHER WITH THE BRITISH OFFER OF VOSPERS, ET AL. HE SAID HE WOULD. HE SAID ARRANGEMENTS WERE PROGRESSING FAIRLY RAPIDLY, ALTHOUGH THERE WERE STILL SOME "IMPORTANT DETAILS" (A FAVORITE PHRASE OF BAIN'S) TO BE WORKED OUT. THIS INCLUDED THE ADEQUACY OF THE BRITISH OFFER. THE GCOB HAD SOUGHT TO SECURE EITHER AN ABSOLUTE INCREASE IN THE AMOUNT OFFERED, SOME COMPENSATION FOR THE EFFECTS OF INFLATION, OR SOME ADDITIONAL ASSISTANCE "IN KIND." SO FAR, THAT HAD NOT MET WITH ANY RECEPTIVITY ON THE PART OF THE BRITISH.

2. I ASKED BAIN WHETHER HE THOUGHT THE GCOB STILL EXPECTED TO COMPLETE THE NEGOTIATIONS BY JUNE 30. HE THOUGHT THAT THERE WAS STILL A VERY GOOD CHANCE "ALTHOUGH THAT, OF COURSE, DEPENDS UPON HOW WELL BOTH SIDES OF THE NEGOTIATIONS MOVE." I ASKED WHAT HE MEANT. BAIN THEN ONCE AGAIN LAUNCHED INTO HIS NOW WELL-WORN THEME CONCERNING THE IMPORTANCE TO THE BAHAMAS OF ITS DEVELOPMENT PROGRAM, THE NEED TO FIND WAYS TO FINANCE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 00811 01 OF 02 182208Z

THAT DEVELOPMENT PROGRAM, THE HOPE THAT THE U.S. COULD BE

HELPFUL IN THIS REGARD, THE IMPORTANCE TO THE U.S. OF AN ECONOMICALLY SECURE AND STABLE BAHAMAS, ETC., ETC., ETC. I IN TURN RESPONDED BY SAYING THAT I THOUGHT OUR OFFER WAS A GENEROUS ONE AND PROVIDED CONSIDERABLE IN THE WAY OF RESOURCES FOR THE BAHAMAS TO DEVOTE TO ECONOMIC DEVELOPMENT OR WHATEVER ELSE IT LIKED. I SAID THAT IF BAIN HAD OTHER THINGS IN MIND BEYOND THE USE OF U.S. "GOOD OFFICES" IN ASSISTING THE BAHAMAS TO SEEK OUT LOANS FOR ECONOMIC DEVELOPMENT PURPOSES, WHICH HE HAD PREVIOUSLY MENTIONED, I WAS DOUBTFUL THAT WE WOULD HAVE ANYTHING TO CONTRIBUTE. AND I REPEATED STILL AGAIN WHAT I THOUGHT THE BAHAMAS COULD AND COULD NOT EXPECT FROM THE USE OF OUR GOOD OFFICES.

3. BAIN REPLIED AS HE INVARIABLY DOES, BY SAYING "OF COURSE, I DON'T KNOW WHAT YOU CAN DO UNDER YOUR SYSTEM, THAT IS FOR YOU TO DECIDE." THEN WONDERED ALOUD WHETHER IT WOULD NOT BE POSSIBLE TO "GET CONGRESSIONAL AUTHORIZATION FOR ASSISTING THE BAHAMAS WITH ITS ECONOMIC DEVELOPMENT NEEDS." I SAID THAT IN MY VIEW WAS A NON-STARTER. I COULD NOT IMAGINE THE CONGRESS BEING LESS RECEPTIVE TOWARD SUCH A NOTION GIVEN THE RELATIVE AFFLUENCE OF THE BAHAMAS AND THE GREAT DIFFICULTY WHICH THE ADMINISTRATION FACES IN SECURING ECONOMIC ASSISTANCE FOR THE MORE DESTITUTE COUNTRIES.

4. BAIN THEN SHIFTED TO THE QUESTION OF "EQUITY." HE WONDERED ALOUD HOW FROM AN EQUITY POINT OF VIEW THE BAHAMAS OFFER STACKED UP WITH THE AGREEMENT RECENTLY REACHED BETWEEN THE U.S. AND SPAIN. I SAID THERE WAS LITTLE COMPARABILITY BETWEEN THE TWO SITUATIONS. WITHOUT GOING INTO DETAIL, I ALLUDED TO THE MUCH LARGER SIZE AND NUMBER OF FACILITIES WHICH WE HAD IN SPAIN AND TO THEIR OPERATIONAL MILITARY PURPOSE AND VALUE. I CONTRASTED THIS TO THE RESEARCH AND DEVELOPMENT UNDERTAKING WHICH WE HAD IN THE BAHAMAS. IN THE CASE OF SPAIN FROM THE POINT OF VIEW OF PURELY OPERATIONAL MILITARY NEEDS THERE WERE NO SHORT-RUN ALTERNATIVES, WHEREAS, IN THE BAHAMAS THERE WERE NO OPERATIONAL REQUIREMENTS AND, WHILE OUR FACILITIES HERE WERE CLEARLY VALUED BY US, THEY WERE REPRODUCIBLE ELSEWHERE IF NECESSARY. BAIN, SOMEWHAT LAMELY I THOUGHT, ARGUED THAT THE ASYMMETRIES BETWEEN THE BAHAMAS AND SPAIN WERE NOT AS SHARP AS I HAD DRAWN THEM AND WONDERED WHETHER THE BAHAMAS MIGHT NOT

CONFIDENTIAL

PAGE 03 NASSAU 00811 01 OF 02 182208Z

BECOME A FUTURE TARGET ESPECIALLY GIVEN THE FACT THAT OUR NATO ALLIES USE THE FACILITIES. I SAID I THOUGHT THIS WAS RATHER FARFETCHED AND HE DID NOT PURSUE THE POINT.

5. I SAID THAT I HAD HAD THE IMPRESSION FROM OUR PREVIOUS CONVERSATION THAT THE GCOB WAS GENERALLY PLEASED BY OUR OFFER. BAIN SAID THAT THIS WAS CERTAINLY TRUE WITH REGARD TO BASE RENTAL AND THAT IT COMPARED ESPECIALLY FAVORABLY WITH THE OR-

IGINAL OFFER. NEVERTHELESS, THEY WERE STILL DESIROUS OF FINDING RESOURCES FOR DEVELOPMENT PURPOSES. I POINTED OUT THAT AT LEAST A PORTION OF OUR PROPOSAL, I.E., THE DOLS 75 MILLION IN BASE RENTAL, COULD CERTAINLY BE USED FOR THIS PURPOSE IF THE GOVERNMENT CHOSE TO DO SO AND THIS WAS NOT AN INCONSIDERABLE AMOUNT. I ALSO NOTED THAT THE PACKAGE ALSO CONTAINED DOLS 15 MILLION WHICH WOULD GO INTO IMPROVEMENT OF THE FACILITIES AND DOLS 15 MILLION FOR TRAINING OF BAHAMIAN PERSONNEL BOTH OF WHICH CONTRIBUTED TO ECONOMIC DEVELOPMENT. BAIN ASKED PRECISELY WHAT THE DOLS 15 MILLION FOR FACILITIES IMPROVEMENT WOULD INVOLVE AND I SAID THAT I COULD NOT GIVE HIM A BILL OF PARTICULARS BUT REFERRED ESSENTIALLY TO THE LANGUAGE WHICH WAS IN OUR PROPOSAL, I.E., TO SUCH MATTERS AS HARBOR IMPROVEMENT. WITH REGARD TO THE DOLS 15 MILLION FOR TRAINING, BAIN SAID THAT IT WAS HIS FEELING THAT THIS MIGHT CONSTITUTE SUBSTANTIALLY MORE THAN THE BAHAMAS COULD EFFECTIVELY ABSORB AND THAT IN ANY EVENT THE SUM MIGHT BETTER BE PUT INTO ECONOMIC DEVELOPMENT NEEDS (READ CAPITAL GOODS EXPENDITURES). I SAID THAT WE VIEWED THE TRAINING PROPOSAL AS BEING RESPONSIVE TO THEIR REQUEST FOR INCREASED EMPLOYMENT OF BAHAMIANS ON THE BASES (WHEN I REFERRED TO OUR RECENT CONVERSATIONS WITH DARRELL ROLLE AND CLIFFORD DARLING, BAIN DREW A COMPLETE BLANK) AND POINTED OUT THAT SUCH TRAINING WAS, OF COURSE, RELATED TO ECONOMIC DEVELOPMENT. BAIN AGREED, BUT CONTINUED TO ARGUE THAT THE SUM MIGHT SIMPLY BE TOO LARGE FOR THEIR IMMEDIATE PURPOSES AND WONDERED WHETHER SOME PORTION COULD NOT BE DEVOTED

CONFIDENTIAL

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PAGE 01 NASSAU 00811 02 OF 02 182236Z

67

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TO SECSTATE WASHDC 8195

C O N F I D E N T I A L SECTION 2 OF 2 NASSAU 0811

TO OTHER ECONOMIC DEVELOPMENT PURPOSES. I SAID THAT THIS, OF COURSE, WAS A DIFFERENT QUESTION. IF HIS GOVERNMENT SHOULD PROPOSE THAT SOME PORTION OF THE DOLS 15 MILLION FOR TRAINING BE REPACKAGED THAT WAS A MATTER WHICH COULD BE REFERRED TO WASHINGTON FOR CONSIDERATION. THIS WAS QUITE DIFFERENT FROM HAVING TO GO TO CONGRESS FOR ADDITIONAL LEGISLATION FOR AN ECONOMIC DEVELOPMENT PROGRAM. I COULD NOT PREDICT WITH CONFIDENCE HOW WASHINGTON WOULD REACT BUT IF SUCH A PROPOSAL WERE MADE I WOULD URGE THAT IT BE GIVEN SERIOUS CONSIDERATION. I WENT ON TO POINT OUT IN THIS CONNECTION THAT HE SHOULD UNDERSTAND TWO THINGS: (A) IT WAS ONE THING TO PROPOSE SOME REPACKAGING WITHIN THE TOTAL OF OUR PROPOSAL AND QUITE ANOTHER TO PROPOSE ADDITIONAL AMOUNTS OF ASSISTANCE, AND (B) THAT EVEN WITHIN OUR PROPOSAL THE ONLY ELEMENT WHICH MIGHT LEND ITSELF TO REPACKAGING WAS THAT PORTION WHICH RELATED TO THE TRAINING COMPONENT. I NOTED THAT THE OTHER PORTIONS, I.E., WHICH RELATED TO BASE IMPROVEMENT, TO FMS CREDITS AND TO EXPENDITURES MADE IN THE LOCAL ECONOMY BY VIRTUE OF OUR BASE PRESENCE WERE ESSENTIALLY DEDICATED EXPENDITURES WHICH WERE NOT FUNGIBLE.

6. BAIN WONDERED WHETHER IF THERE COULD NOT BE ADDITIONAL FINANCIAL RESOURCES WHETHER THERE MIGHT NOT BE ADDITIONAL "IN KIND" ASSISTANCE. I ASKED WHAT HE HAD IN MIND AND HE REFERRED TO THE AVAILABILITY OF EXCESS EQUIPMENT (HE MENTIONED TRUCKS BY WAY OF EXAMPLE) WHICH COULD BE MADE AVAILABLE. CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 00811 02 OF 02 182236Z

I SAID THAT, BASED ON MY PRIOR EXPERIENCE, THE ANSWER TO THAT QUESTION WAS ALMOST CERTAINLY "NO." IN THE FIRST PLACE, OUR STOCKS OF EXCESS MILITARY EQUIPMENT HAD, TO THE BEST OF MY KNOWLEDGE, JUST ABOUT DISAPPEARED. BEYOND THAT, I SAID THAT FROM MY PREVIOUS EXPERIENCE IT WOULD COST MORE TO MAKE SUCH EQUIPMENT AS WAS AVAILABLE SERVICEABLE THAN IT WOULD PROBABLY BE WORTH.

7. BAIN THEN ARGUED THAT THE DOLS 60 MILLION IN RESOURCES WHICH CAME INTO THE BAHAMIAN ECONOMY FROM SALARIES, LOCAL EXPENDITURES, ETC., WAS SOMEWHAT MISLEADING. HE SAID THE RECEIPTS RESULTED IN EXPENDITURES MADE BY THE BAHAMAS FOR GOODS IN THE U.S. I SAID THAT WHILE IT WAS TRUE THE BAHAMAS DID PROCURE A SUBSTANTIAL PORTION OF ITS NEEDS FROM THE U.S., IT PRESUMABLY DID SO BECAUSE IT WAS TO ITS ADVANTAGE TO DO SO BY VIRTUE OF PRICE, QUALITY OF EQUIPMENT, AVAILABILITY OF SPARE PARTS, ETC. WHERE IT WAS NOT IN ITS INTEREST TO DO SO, IT FELT PERFECTLY FREE TO PROCURE FROM OTHER COUNTRIES. IN ANY EVENT, WE PLACE NO STRINGS ON THE FUNDS COMING INTO THIS COUNTRY AND I WAS SURE THAT HE WAS NOT SAYING THAT THESE FUNDS DID NOT MAKE AN IMPORTANT FINANCIAL CONTRIBUTION TO THE BAHAMAS. CONVERSELY, WITH FLORIDA PRESENTLY HAVING A 16 PERCENT UNEM-

PLOYMENT RATE, ONE OF THE HIGHEST IN THE NATION, I HAD NO DOUBT THAT THE DIRECT EMPLOYMENT OF FLORIDIANS, IF WE WERE TO MOVE OUR BASES TO FLORIDA, WOULD BE VERY MUCH APPRECIATED AND POLITICALLY HIGHLY POPULAR. BAIN SAID THAT HE ACCEPTED THE POINT, AGREED THAT THE U.S. EMPLOYMENT AT THE BASES WAS HIGHLY VALUED, BUT STILL FELT THAT, INDIRECTLY AT LEAST, THE U.S. RECEIVED BACK SOME OF THE BENEFITS OF THE DOLS 60 MILLION OF LOCAL EXPENDITURES WHICH WE WERE PROPOSING.

8. COMMENT: (A) WHILE BAIN CONFIRMED GCOB ATTEMPT TO GET HMG TO UP ITS OFFER, HE GAVE NO INDICATION THAT THIS WAS CONSIDERED A MAJOR STICKING POINT BY THE GOVERNMENT (REF B).

(B) MUCH ELSE OF WHAT BAIN HAD TO SAY WAS A RESTATEMENT OF PREVIOUS VIEWS. THE FACT THAT HE RAISED THE SPANISH COMPARISON WAS NOT SURPRISING SINCE WE HAVE HAD REPEATED EVIDENCE THAT THIS WAS IN STORE. WHILE WE HAVE A POWERFUL CASE THAT WE CAN MAKE AS TO THE ASYMMETRIES BETWEEN THE BASES IN THE BAHAMAS AND THOSE IN SPAIN, THE QUESTION OF WHETHER THE BAHAMAS IS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NASSAU 00811 02 OF 02 182236Z

BEING TREATED EQUITABLY COMPARED TO SPAIN IS A SUBJECTIVE JUDGMENT AND CERTAINLY IS ONE OVER WHICH THE BAHAMIANS COULD WELL TIE THEMSELVES INTO TAUTOLOGICAL KNOTS.

(C) THE IMPRESSION THAT THE USG MIGHT HAVE STOCKS OF EXCESS EQUIPMENT WHICH WE COULD GIVE AWAY TO THE BAHAMAS IS ONE THAT WILL PROBABLY BE RERAISED. WE HAD BETTER BE PREPARED FOR IT.

(D) THE IMPRESSION THAT SOMEHOW THE U.S. COULD AND SHOULD COME UP WITH ECONOMIC DEVELOPMENT ASSISTANCE ABOVE AND BEYOND THE BASE RENTAL AND OTHER RESOURCES CONTAINED WITHIN OUR PACKAGE IS TROUBLING. I CERTAINLY EXPECT TO HEAR THIS FROM ADDERLEY WHEN HE REENGAGES ME ON THE FACILITIES. PERHAPS HE WILL UNDERSTAND BETTER THE LIMITED LATITUDE THAT WE HAVE IN THIS AREA, BUT I CANNOT GUARANTEE THAT. THE ONE PLACE WHERE WE HAVE SOME FLEXIBILITY FOR MEETING BAHAMIAN NEEDS WITHOUT ANY ADDITIONAL COST TO OURSELVES IS IN REPACKAGING THE DOLS 15 MILLION EARMARKED FOR TECHNICAL TRAINING. WE ANTICIPATED AT THE OUTSET THAT IF THEY WOULD RATHER HAVE SOME PORTION (INDEED EVEN ALL OF IT) AS AN ADD-ON TO THE BASE RENTAL, THIS IS SOMETHING WE COULD READILY ACCOMMODATE. IN SHORT, IT MAY PROVIDE ONE AREA WHERE WE CAN MAKE SOME "CONCESSION" TO THEIR DESIRES FOR MORE "ECONOMIC DEVELOPMENT RESOURCES" IF IT COMES DOWN TO THAT.

(E) FINALLY, THERE IS THE QUESTION OF HOW MUCH INFLUENCE BAIN WILL HAVE UPON THE GCOB POSITION. ALONG WITH PINDLING, HANNA AND ADDELEY, HE IS LIKELY TO BE A KEY FORMULATOR. THIS IS UNFORTUNATE SINCE BAIN, THOUGH PERSONALLY COMPETENT, HAS SHOWN

HIMSELF IN THE PAST TO BE ONE OF THOSE BAHAMIANS WHO HAS FOUND
IT EASY TO CONFUSE DESIRES WITH REALITY AND WHO HAS LITTLE
UNDERSTANDING OF WHAT THE U.S. POLITICAL SYSTEM CAN AND CANNOT
DO.
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